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SUBJECT: CHAREST THRONE SPEECH GIVES NO LIFT TO HIS GOVERNMENT

CLASSIFIED BY: Abigail Friedman, Consul General, Quebec City, State.

REASON: 1.4 (b), (d)

11. (C) Summary: Quebec Premier Jean Charest kicked off a new session at the National Assembly March 14 with a 90 minute Throne Speech (the first since he took office in 2003) that set the tone for the looming electoral campaign. Charest's main focus for the coming year will be the reduction of the province's debt load, health and education, energy, the environment, and improved federal-provincial relations. Charest's new energy policy, to be unveiled in full in the coming weeks, includes an increase in the production and development of hydroelectric power and, most importantly, a commitment to raise exports both to the U.S. and the rest of Canada. Most here, including the opposition, agree with the policy direction outlined by the Premier. The real problem for Charest is the overwhelming lack of public confidence in his leadership. Charest's speech coincides with a new poll suggesting the PQ would effortlessly beat the Liberals in an election 43-32%. This does not mean that a yearning for sovereignty is on the rise -- indeed, that has ebbed since the advent of the Harper government -- but rather that, as witnessed across Canada in the January federal election, the mood here is for change. End Summary.

12. (U) In his address inaugurating the 37th legislature, Premier Charest vowed foremost to control the provincial debt that presently rests at CDN \$117 billion and whose interest alone reaches \$7.5 billion annually -- the third most important provincial budgetary expenditure after health and education. To do so, the GOQ will create a new "Fund for the Generations," to be laid out in the provincial budget to be tabled March 23, and whose sole objective will be to slash the debt. Charest promised that debt reduction would not be at the expense of the health system nor increase Quebecers' tax burden. Among some of the other initiatives the Premier said his government will rollout over the coming months:

- a new energy strategy centering on hydroelectricity and wind power
- public hearings on long term public financing of the health system
- electoral reform to introduce proportional vote
- a new international affairs policy to strengthen Quebec's role abroad
- changes to the Code of Professions to recognize foreign degrees and allow more immigrants to work in the province

13. (U) The province's much anticipated energy policy will be tabled in the weeks ahead by Natural Resources Minister Pierre Corbeil and will drive Quebec's sustainable development efforts over the next 10 years. Charest said the plan will involve all forms of energy sources making Quebec the North-American leader in clean, renewable energies. He promised a new commitment toward hydroelectric production and development with the completion of projects at Mercier, Eastmain 1, Peribonka, Rapide-des-Coeurs, and Chutes Allard, supplying an extra 1000 MW of electricity to the grid, and the construction of the Eastmain 1-A/Rupert site that will add another 900 MW. Increased wind power development throughout the province will also bring in another 3500 MW. Quebec's ultimate goal is to be able export power to the U.S. and to neighboring Canadian provinces all year round.

14. (U) Following Charest's speech, PQ chief Andre Boisclair told the media he was unimpressed with the Liberal leader's "long and boring" speech. Charest's main problem, Boisclair scoffed, is his "deficit of credibility." The PQ leader agreed that creating a deficit fund is a "reasonable proposal," and noted that he himself made a similar pitch during the recent PQ party leadership race. But Charest has been in office for three years and has failed to deliver on a host of promises, including lowering taxes. Responding to Charest's criticism of the PQ desire for another referendum, Boisclair reiterated his commitment to holding a third popular vote on the sovereignty option. Right-of-center ADQ leader Mario Dumont, for his part, said Charest's inaugural speech sounded like "a commercial to sell a product that everyone knows is defective.... We saw a weak Premier at work, with tired ideas, and afraid of change."

15. (SBU) Newspaper editorials the following day by and large came to the same conclusion as the opposition, although with a

softer touch. Most media outlets concurred that the Premier's speech sets the right course for Quebec, but wondered whether the Charest government's penchant for mishandling local issues -- most recently, the GOQ's decision to sell to developers a portion of a provincial park - would undermine his ability to move forward with his agenda. We are hearing the same doubts expressed by members of Charest's own party. A fresh poll published March 15 in the Journal de Quebec/Montreal shows the Liberals trailing 11 percentage points behind the Parti Quebecois. The PQ received 43 per cent support, compared with 32 per cent for the Liberals, 11 per cent for the ADQ and six per cent for the new left-wing Quebec Solidaire party.

Comment

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16. (C) Public opposition to Premier Charest's leadership continues to hover at around seventy percent. The lift he obtained from the election of the Harper government vanished with the GOQ's controversial announcement of the sale to developers of large tracts of Mont Orford provincial park. Judging by the comments of our contacts and the media, the Throne speech, while welcomed on substance, does not seem to have turned things around for Charest. His strongest card - and one that he is already playing - is to put the focus on the PQ, which continues to tout a sovereignty referendum that few seem interested in ("It's like going to the dentist," one politician told us). But that, in itself, may not be enough to save Charest, as Quebecers over the years have gotten used to voting in the PQ, and then voting against a referendum.  
FRIEDMAN